

Internal wrangle looms over U.S. defence budget

BY ANATOLE KALETSKY IN WASHINGTON

THE REAGAN Administration faces the prospect of a major internal battle over the 1984 defence budget in the next few months.

Mr David Stockman, the Administration's Budget Director, said yesterday that President Reagan is "firmly committed" to the reduced defence plans for 1984 and 1985 contained in the budget recently passed by Congress.

But senior defence department officials said they were putting the finishing touches to a \$247bn defence plan for 1984 which would, in effect, ignore the Congressional budget ceilings and return defence spending to targets originally announced in January last year by the President.

The \$247bn figure is about \$10bn more than Congress provided for in the budget for fiscal 1984. The request will be submitted to the Cabinet by early September, the officials said.

The officials said they had been encouraged to put forward an ambitious request by Cabinet debates on the budget and by Congressional treatment of their 1983 requests.

MR JOHN HUGHES, 52, a naturalised U.S. citizen born in South Wales, is to replace Mr Dean Fischer as chief State Department spokesman, the White House announced yesterday, Reginald Dale reports from Washington.

A senior official quoted in the New York Times yesterday dismissed much of the growing concern about the levels of defence spending as "rhetoric." Even Congressmen who opposed defence spending in principle normally voted for programmes which benefit their own districts, one official pointed out.

Despite vocal opposition from many Congressmen and a near-consensus among economists that President Reagan's defence build-up is incompatible with other economic goals, a series of Pentagon officials interviewed by the New York Times pointed out that Congress had cut back their initial 1983 request for \$216bn by only \$7bn.

The Pentagon says it now looks probable that President Reagan's major defence pro-

grammes will survive almost unscathed after the Senate and House of Representatives complete their reconciliation of the two versions of the defence budgets they passed in the last three months.

The Pentagon now says it will press for a return to the original defence spending strategy which President Reagan outlined immediately after his election.

This provided for annual increases of 7 per cent in real defence spending from 1982 onwards, but Congressional cuts and delays in procurement reduced planned defence spending in 1982 and 1983 by about \$13bn.

President Reagan said last month that he would not feel bound by budget ceilings on individual defence programmes. The Pentagon's view of this statement, according to the senior officials quoted yesterday, is that he will press for a return to his original overall spending goals for both 1984 and 1985.

After the \$247bn proposed for 1984 this would mean a further increase of nearly 16 per cent (in current prices) to \$285.5bn by 1985.

Political parties expected to agree pact in El Salvador

BY ANDREW WHITLEY

FORMAL agreement on a common political platform was due to be reached in El Salvador yesterday between the countries' leading political parties. President Alvaro Magana was also expected to sign the pact.

A document to be signed by leaders of the right-wing Arena and National Conciliation Parties and the moderate Christian Democratic Party, which held power under President Napoleon Duarte until last March's elections, covers agreements on economic reforms, human rights and ways of combating the left-wing guerrilla forces.

Yesterday's agreement, known as the "Pact of Apurac," marks a further consolidation in power of the Right in El Salvador. Right-wing parties led

by Major Roberto d'Aubuisson's Arena party won the majority of votes in the elections, but after intense U.S. pressure were compelled to include Christian Democrats in the Government.

Sr Alfonso Salazar, the Presidential spokesman, said on Monday that the pact "plans a strategy to strengthen and give more cohesiveness to the government of National Unity," the five-party group in power.

The existence of the pact was first revealed by President Magana two weeks ago. He said the pact would contain a date for the holding of general elections. But this element of the package appears to have been softened in the final drafting of the reference now is to the method of holding the elections.

In the four months since the elections to the Constitutional

Assembly, political violence in El Salvador, which has claimed over 30,000 lives in the past three years, has worsened. Government critics say that no serious steps have been taken to stamp out torture or other abuses.

Notwithstanding the continuing violence, the U.S. Administration reported to Congress last Wednesday that the Government in San Salvador was making "a concerted and significant effort to comply with internationally recognised human rights" and was "achieving substantial control over all elements of its own armed forces."

The Administration is required by Congress to seek recertification of progress by El Salvador on the human rights and land reform fronts every six months.

Ronald Buchanan reviews the background to Mexicana airline's nationalisation

Mexico cages private enterprise eagle

THE nationalisation of Mexico's top airline, Compania Mexicana de Aviacion, has badly jolted the private sector. Rather than marking an assault on private business, however, the takeover could signal the first attempt by the incoming administration—which takes office in December—to set new ground rules for the mixed economy.

At a meeting of the board on July 29, Sr Emilia Marjica Montoya, the Transport Minister, was installed as chairman, replacing Sr Crescencio Ballesteros, a construction tycoon.

Sr Ballesteros, who bought the airline from Pan American World Airways in 1967, had turned it from the verge of bankruptcy to become the world's tenth most profitable carrier and the biggest in Latin America (using, as the measure, the number of passengers carried). With Sr Ballesteros at the helm, Mexicana was held up by the Mexican private sector as a symbol of its ability to provide a good service at a profit.

By contrast, the only other airline, the state-owned Aeromexico, had problems with its image and its profitability. In 1981, it carried 5.5m passengers at a profit estimated at 48 pence per passenger. Mexicana carried 8.2m at an average profit of 89 pence.

Thus the shock was considerable when news first broke of the takeover. Though perfectly legal in Mexico, it was an obscure deal by international standards. Sr Ballesteros, without offering an option to other shareholders, sold his controlling interest for an undisclosed price to the State, which was already the biggest minority shareholder.

This caging of the Aztec eagle of private enterprise caused confusion and consternation. "It's a black day for the



Former Mexicana chairman Sr Crescencio Ballesteros—turned it into the world's tenth most profitable carrier

private sector," said one of the airline's bankers. "Sr Ballesteros wouldn't give in just like that. Everyone knew him as a fighter."

"I'm bewildered, but more than that, I feel betrayed," said the representative of a foreign airline that flies to Mexico. He could not understand Sr Ballesteros's decision to sell over the heads of the private sector. The concern was heightened by the political and economic conjuncture. Sr Miguel de la Madrid now enjoys the status of President-elect, but in Mexico his influence goes beyond that. There are few who doubt that only he could have the political strength to take the decision to nationalise.

The takeover is, therefore, being seen as a first pointer to the tactics the incoming administration is likely to use to pull Mexico out of its ever-deepening financial crisis.

The most recent victim of the crisis, however, is Constructora General del Norte, one of the nation's top four building com-

panies. Constructora General, which owes foreign bankers \$500m suspended all payments at the beginning of July. The company, which did £200m of business with the Government last year, has fallen victim to the public-spending cuts announced earlier this year.

Grupo Industrial Alfa, Mexico's largest private conglomerate, which is in much more serious trouble than Mexicana, declared a suspension of principle payments in April on its \$2.3bn debt (£1.3bn) and, according to bankers, may soon suspend some interest payments. The Government has been discussing the purchase of a dozen of Alfa's subsidiaries.

Sr Ballesteros, however, strongly denies that the Mexicana takeover was provoked by a financial crisis in the company, or by problems in his construction empire. He says all his companies are in "splendid financial condition, and besides I never mix one company up with another."

The implication is that Sr

Ballesteros bowed to pressures of a different nature. There is no doubt, though, that whatever the longer-term future of Mexicana, it was facing major difficulties.

Pre-tax profits slumped in 1981 to £7.3m, from almost £14m the year before.

But worse was to come. The mid-February devaluation of the peso almost doubled the burden of Mexicana's \$350m foreign debt. It led, too, to a sharp drop in travel abroad by Mexicans, the main source of company income. These and other problems produced a disastrous first quarter in which losses were estimated at \$137m.

"Never before have we lost so much money in so few months," Sr Manuel Sosa de la Vega, the managing director said in an internal memorandum circulated on May 4. But if the situation was difficult for Mexicana, Aeromexico's problems, on which there is no public information, must have been very much greater.

The most likely hypothesis is that the Government bought

Mexicana because it could no longer afford the massive subsidies it was paying to the aviation industry—both public and private sector.

The closest Government has come to a public statement on the issue was a front-page article in the official newspaper, El Nacional. The article quoted technicians from the Ministry of Communications and Transport.

The private sector's opposition to the deal was "quite unjustified," the technicians said. Thanks to the policy of subsidies to private enterprise, the Federal Government injected too much money into this company and it saw no end in sight. In no way could this money be looked on as a gift; it had to be got back.

At the same time the competition for a shrinking market between the two airlines was "suicidal" from the point of view of the national interest, the technicians added. In future, the two will not compete for the same traffic, and there are likely to be other savings from a rationalisation of their activities.

Thus the takeover has the hallmark of two of the main thrusts of Sr de la Madrid's draft programme for the 1982-88 Administration.

First, it marks an attack on the frequently incestuous relationship between the Government and the private sector. Mexicana's 1981 profits, for example, included the proceeds from the sale of four Boeing 727 to the Mexican air force at a price understood to be well over the almost non-existent market value of these aircraft.

The takeover also indicates Sr de la Madrid's intentions to put national interest before either those of the private sector or those which have been created within the State.

Nicaragua rejects grant

Nicaragua has rejected a \$5.1m (£2.9m) grant from the U.S. Agency for International Development that has earmarked for the country's predominantly conservative private sector and Roman Catholic church, a government official announced this week. AP reports from Managua.

Foreign investment in U.S. falls

BY PAUL TAYLOR IN NEW YORK

OVERSEAS companies have sharply reduced the number of manufacturing investments they make in the U.S. because of the sluggish economy, an independent report published yesterday suggests.

The report, published by the New York-based Conference Board, says that in the first half of this year, only 136 foreign manufacturing investments took

place involving overseas companies acquiring a majority stake—the lowest six-month total since the first half of 1977.

The board says that if this trend continues, foreign investment this year will be far below the 348 investments recorded in 1981, the 388 in 1980 and 434 in 1979.

Overseas companies are also showing a clear preference to

buy U.S. companies rather than build new facilities.

Acquisitions accounted for 57 per cent of all foreign manufacturing investment in the U.S. during the first six months of this year compared with an average of less than 50 per cent during the previous three years.

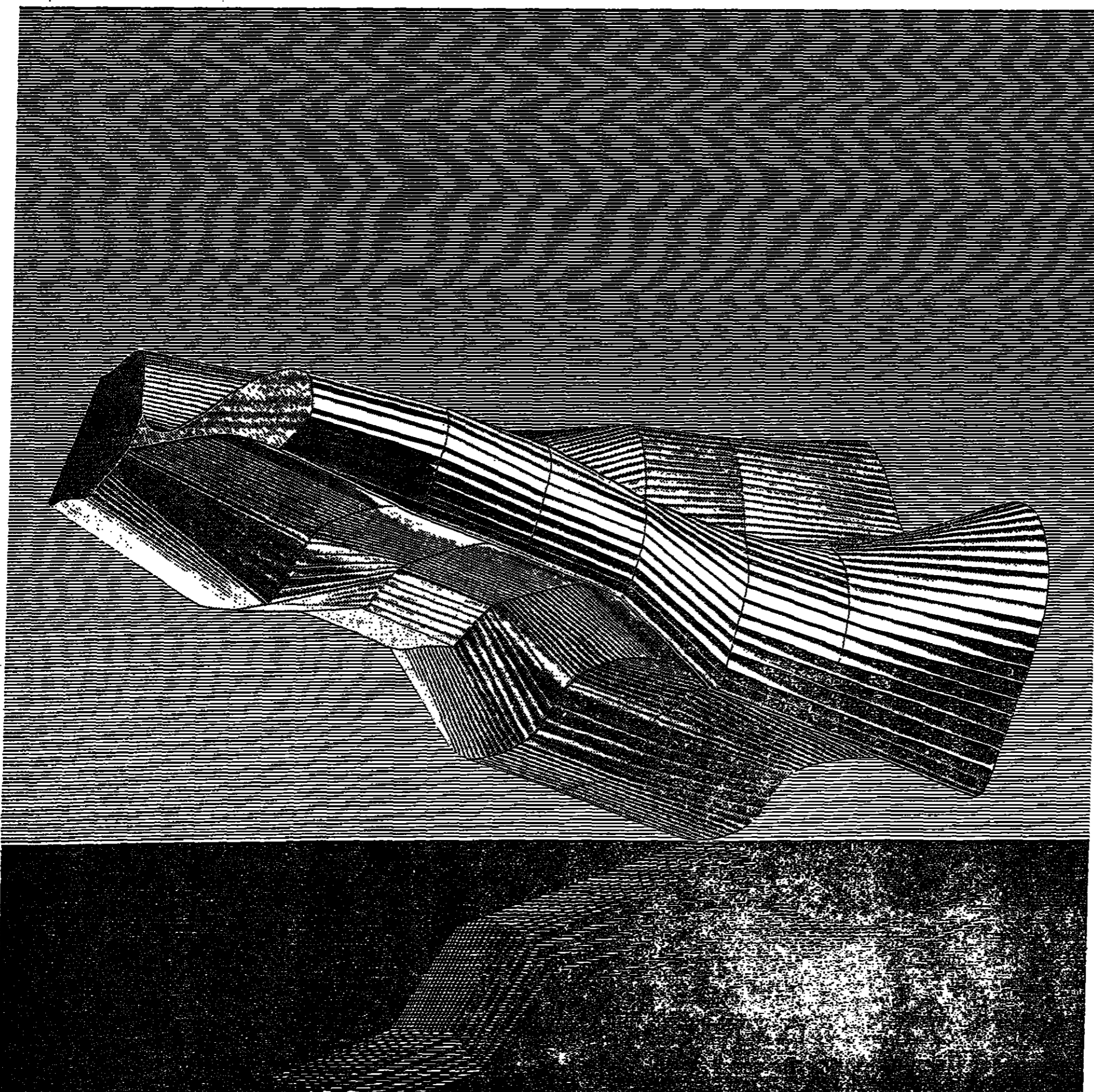
UK companies lead the table of manufacturing investments, with 31 during the period.

CIBC loans

In a report in yesterday's FT on the Canadian Government's inquiry into banks, a reference to Canadian Imperial Bank of Commerce loans to the Dome Petroleum group should have read: The Canadian Imperial Bank of Commerce, whose loans to the Dome Petroleum group at around C\$1bn exceeded 40 per cent of its capital as at April 30 last year, has already taken steps to impose a 15 per cent limit on future corporate loans.

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OVERSEAS NEWS

Swapo chief dismisses Namibia optimism

A SENIOR member of the South West Africa People's Organisation (Swapo) yesterday dismissed Western diplomats' optimistic assessment of prospects for an early settlement in Namibia.

Talks in New York aimed at bringing about a settlement in Namibia (South West Africa) "have hardly accomplished anything of significance."

The New York negotiations, which began on July 6, have now gone into recess, he said, though they may resume in mid-August.

The key issues under discussion are the form of an electoral system, the composition of the United Nations transitional administration for the territory, ceasefire arrangements and the composition and deployment of the UN peacekeeping force.

Libya 'determined' to hold summit

LIBYAN leader Col Muammar Gaddafi is determined to hold a summit meeting of African leaders later this week regardless of whether or not a quarrel of the Organisation of African Unity is present, a senior OAU official said yesterday.

Jittery Kenya counts the cost of a blow to its reputation

THE MORGUE attendant at Nairobi's lowly Kenyatta Hospital restored towards the dozens of corpses piled on top of one another and said: "They do not usually send them here, but the city morgue is full."

The figure could not be substantiated because police and army refused to allow reporters to see the city morgue, and the death toll implied by the attendant was probably an exaggeration.

Nairobi was still a jittery city yesterday, with occasional shots echoing over the capital. The city centre was deserted by 8.30 pm.

Government officials were quoted as saying that 1,000 Air Force personnel had been detained after the attempt—300 in Nairobi and 700 at the Nanyuki Air Force base to the north, which formed the main target.

VERY LITTLE concentrates the minds of the black governments surrounding South Africa more sharply than the politics of transport in the region.

Oil is Zimbabwe's largest import, accounting for more than 20 per cent of total imports last year. The shift to the pipeline of the bulk of the country's liquid fuel requirements (some specialised fuels, such as aviation spirit, will continue to be brought in by rail) will not only release transport capacity for other traffic, it should also—at least in theory—save the country an estimated \$250m (£27m) a year in foreign exchange since the pipeline supplies (the refined petrol and diesel is being bought from Algeria) will be significantly cheaper than rail imports.

President Daniel arap Moi on shops in the capital

Although the Government appears to have restored full control, some scattered firing was reported from a slum area yesterday morning and there were suggestions that pockets of resistance remained elsewhere.

President Moi, urging people to go about their normal business without fear, praised the army and police for regaining control.

Efforts were being made to re-open Nairobi airport, but many shops and offices stayed closed and the overnight curfew remains in force.

University students, who came out in large numbers to support the rebellion, were seen home yesterday. Troops occupied the campus and the university was closed indefinitely. Any rebels still at large, according to the army,

stands at over 100—71 of them Air Force rebels—with up to 500 wounded. There is widespread speculation that the reality is much higher, following reports of looters and other civilians being shot in the aftermath of the unrest.

Ironically, the increased transport capacity made available by the pipeline opening will come at a time when the National Railways of Zimbabwe (NRZ) are not only meeting total demand, but are actively canvassing for traffic. This is in stark contrast to the situation a year ago. Then, exports, imports and domestic traffic alike were restricted, primarily by the shortage of locomotives on the NRZ, but also by the exodus of skilled personnel and delays on neighbouring transport systems, especially in Mozambique and South Africa.

Tony Hawkins reports from Harare on Southern Africa's transport

Zimbabwe keeps coast line open

The 32 diesels it had on loan from South Africa as well as another 18 from Mozambique and Malawi.

The lack of skilled personnel has been partly resolved by the employment of some 440 workers on short-term expatriate contracts from India and Pakistan. At the same time NRZ has greatly stepped up its in-house training programme.

Taiwan to allow foreign investment in stocks

TAIWAN'S Finance Ministry has finalised a plan under which the local stock market would be indirectly opened to foreign investors for five years and then probably directly opened, a Ministry official said.

Foreign underwriting companies will be able to issue beneficial certificates for foreigners to invest in the Taiwan market. Interest will be paid on an annual basis.

Sri Lanka curfew relaxed

Sri Lanka yesterday further relaxed the curfew in the troubled southern town of Galle, scene of clashes between Sinhalese and Moslems last week.

JAL to change computers

JAPAN Air Lines (JAL) is considering replacing part of its computer system, dominated by International Business Machines (IBM), with Japanese models, officials said, it was reported in Tokyo.

Hong Kong export volume falls

HONG KONG'S exports showed serious weakness in May in volume terms according to Government figures released yesterday.

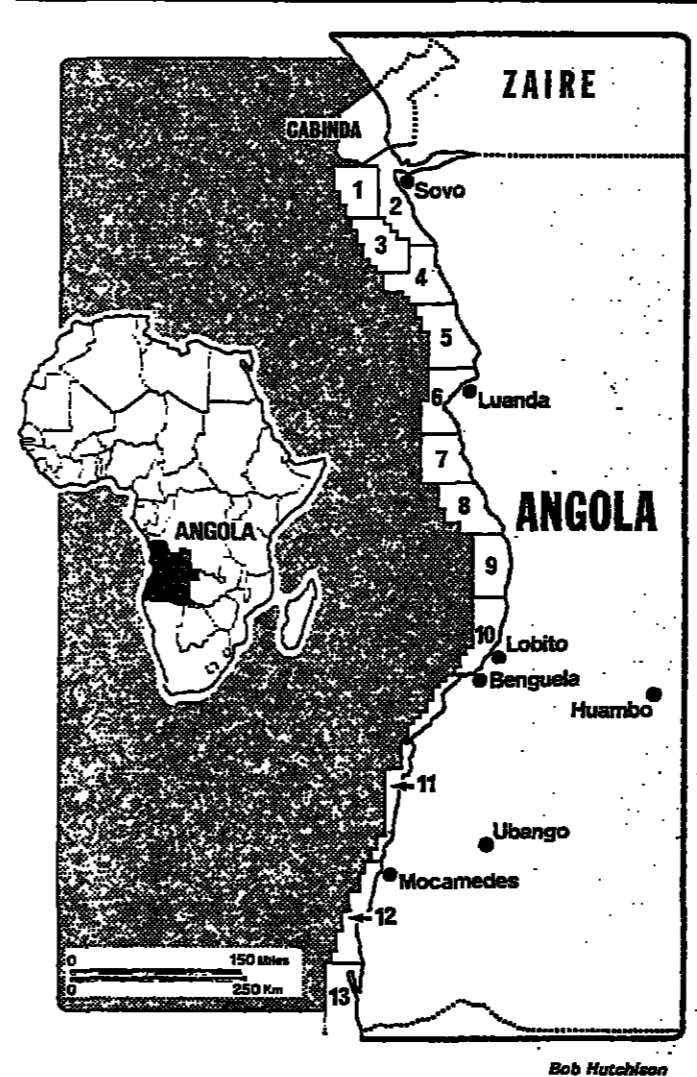


going to the South African ports. The balance of 18 per cent represents exports going north.

ENERGY REVIEW

The oil link between the West and Angola

By Michael Holman, recently in Soyo



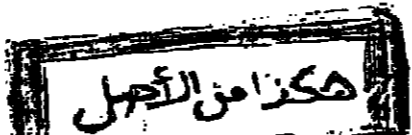
OF THE banks of the broad Zaire River an oil town is in the making, part of a \$1bn expansion plan which should nearly double Angola's oil production from the current 135,000 barrels a day (b/d) by 1985.

Near the outskirts of the hot and dusty village of Soyo, on the estuary of the river which forms the border with Zaire itself, is the Kwanda Base, where the \$30m first phase of the state-owned Sociedade Angola de Combustiveis (Sonangol) project is under way.

Within the fenced compound, patrolled by Kalashnikov-carrying members of Fapla, the Angolan army, visitors are offered lunch by Texaco, the U.S. company which has a 40 per cent production sharing agreement with Sonangol in Block Two—offshore Soyo, and one of 13 such blocks, each 4,000 sq km, delineated off the Angolan coast after a seismic survey carried out and analysed in 1978/79.

And the bulk of production is taken by the West, with the United States buying two-thirds followed by Belgium, Brazil and France. Domestic demand takes about 10 per cent of production and is refined at the Luanda plant, operated by Petrangol, the Belgian company which is the majority owner.

Table with columns for bank names and interest rates under the heading 'BASE LENDING RATES'.



Associated Dairies to close Ukay superstores

By David Churchill, Consumer Affairs Correspondent
ASSOCIATED DAIRIES is to close two of its London furniture superstores which trade under the Ukay name.

Lotus and Rolls-Royce take different highways

LOTUS CARS and Rolls-Royce are ending their joint dealership agreement in the U.S. market. The agreement, which Lotus cars have been sold through Rolls-Royce's 70 dealers is only about two years old.

John Griffiths on two car companies ending joint U.S. distribution

John Griffiths, Lotus managing director, said Lotus was on course for "very significant improvement". This appears to be so, UK sales, which totalled 128 in the first half of last year, rose to 197 in the second half and 200 were recorded in the first half of this year.

Lotus's managing director, and other directors were unavailable for comment yesterday. The company, which is based at Hethel, Norfolk, is on its summer break.

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Power and heat from a single source

THE MIDLANDS ELECTRICITY BOARD's long campaign to build more combined heat and power (CHP) stations, which save substantial amounts of energy and can also benefit industry, seems at last to be attracting national interest.



Revenue top of the complaints

Financial Times Reporter MORE COMPLAINTS to the Ombudsman against the Inland Revenue than against any other Government department were upheld in the three months to the end of May, according to the latest report from the Ombudsman.

Capital fund launch is delayed

By Tim Dickson THE LAUNCH of a £10m capital fund for taking high-risk equity stakes in new UK companies, which was due to take place next month, has been delayed.

Tricentrol buys U.S. energy properties

BY RAY DAFTER IN LONDON AND RICHARD LAMBERT IN NEW YORK TRICENTROL, a UK independent oil and gas interests in the U.S. as part of a move to diversify away from the North Sea.

Why women lose out through the old boy network

BY LISA WOOD THE OLD BOY network was cited yesterday by the Equal Opportunity Commission as one of the reasons women are under-represented on public bodies such as Royal Commissions and advisory committees.

Insurance Ombudsman cases double from 1981

BY ERIC SHORT CASES DOUBLED FROM 1981 THE Insurance Ombudsman, Mr James Haswell, received nearly 100 cases of insurance complaints for adjudication in the first six months of this year.

Tourist test at the tower - with a capital 'T'

BY JASON CRISP BRITISH TELECOM yesterday placed a 5 ft, illuminated letter 'T' on the Post Office Tower, London, in an assessment of its future as a tourist attraction in the capital.

Montagu to retain trade association membership

BY WILLIAM HALL, BANKING CORRESPONDENT SAMUEL MONTAGU, the London merchant bank in which Actua Life & Casualty plans to take a 40 per cent stake, is to retain its membership of the Accepting Houses Committee following their takeover by overseas banks.

Audio-visual sector faces fall in profits

Many suppliers of professional audio-visual products and services in Britain are suffering a falling profit as the industry faces a sharp decline in demand.

Mowlem picked for Preston Dock plan

JOHN MOWLEM has been selected as a shortlist of contractors for the £35m redevelopment of Preston docks at Preston, Lancashire.

Post Office offices

THE Post Office is to provide up to 12 per cent discount on first class mail for companies providing they pre-sort the letters and use postcodes.

Call for higher death grant

THE DEATH grant should be abolished altogether if the Government cannot afford to increase the death grant to a realistic level, according to the Welsh Consumer Council in Cardiff.

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SDP favours local candidates in parliamentary selections

BY PETER RIDDELL, POLITICAL EDITOR LOCAL RESIDENTS and professional people have been favoured in the first round of the Social Democratic Party's selection of parliamentary candidates.



كردمان النجیل

Heseltine 'undeterred by Toxteth hooligans'

"HOOLIGANS" IN Liverpool's Toxteth district would not stop moves to improve the area, Mr Michael Heseltine, Environment Secretary, warned yesterday.

But he added: "I am not in the miracle business."

Mr Heseltine attended a Press conference in Manchester the day after he was pelted with eggs and tomatoes in a visit to Liverpool on Monday.

He described the attack as "monstrous."

Mr Heseltine visited Manchester as part of a tour of major cities to show local authorities and business people what he and his team had done in Merseyside.

"People do look for miracles, but I'm afraid I am not in the miracle business. I have to live in the real world."

Throwing eggs did nothing to affect decisions. It was a deplorable way to go about political dialogue.

Mr Heseltine warned the "deplorable hooligans" he would be back in Merseyside as soon as possible to continue with his work.

"These deplorable hooligans who are children and teenagers do nothing to serve the community and put off a significant number of people who are beginning to try and help in those areas."

"It doesn't put me off because we have to keep going and carry on with our policies," he said.

Mr Heseltine said he was dismayed about the state of the inner cities and how they had decayed in the past 70 years.

"We live in a world where people want instant solutions, but they have to remember that what we are doing is going to require very large efforts by a large number of people over a very long time."

The police had done an "immensely impressive" job getting back on the beat. They had contained rioters in the last few days and since the riots last year, Mr Heseltine said.

● Youths in Liverpool's Everton district last night pelted motorists with stones and barricaded a road with trees.

Police in riot gear dispersed the youths in St Domingo Road.

A Merseyside police officer said yesterday: "There was no great confrontation. The actual trouble in St Domingo Road lasted only about a quarter of an hour."

Alfred Herbert has lathe success

ALFRED HERBERT, the Coventry machine tool-maker, estimates that if more than doubled its share of the UK high-technology lathe market last year, to take an overall market share of about 25 per cent.

The UK machine tool market as a whole shrank by 29 per cent in 1981, but Alfred Herbert's new line of computer numerically-controlled (CNC) lathes secured a growing share of the domestic market.

There are indications that imports have regained some ground this year, but the company is confident that it will be able to hold its share of the British market.

Mr Ron Lynch, chairman of Alfred Herbert, said: "We have proved that British-built machine tools can compete with any in the world, and have shown that the influx of Japanese machine tools can be stemmed."

He said that manufacturing industry needed a further reduction in interest rates to enable it to invest in machine tools, and urged the Government to pursue incentive grant schemes.

The 1981 figures published by the Machine Tool Trades Association showed that, while the machine tool market in the UK as a whole continued its rapid decline, sales of British-made, computerised turning machines went against the trend.

Orders for British-made, high-technology turning machines showed a 40 per cent increase in 1981. Total imports were down by 35 per cent and Japanese imports by 46 per cent.

Alfred Herbert's turnover is expected to reach £24m this year, compared with £16m in 1981, thanks largely to the four new computerised machines introduced since 1980. A fifth will be launched next month.

On the other hand, the export market, which accounts for some 20 per cent of total sales, has been poor. Alfred Herbert blamed the downturn in the U.S. market for its decision to put two-thirds of its 900 employees on short-time from this week.

Changes 'likely in sickness policies'

By James McDonald

COMPANIES will be less willing to recruit employees with poor or indifferent health records and pre-employment medical checks will be made more rigorous as a result of the introduction next April of statutory sick pay and the abolition last June of doctors' notes for short periods of illness.

This forecast is made by the latest issue of Monks Guide to Company Provisions for Sickness and Ill-health, published today. The guide—based on information from 68 organisations employing over 250,000 people—says that, although only 18 per cent of the companies surveyed planned to change the level of sickness benefit during the next 12 months, "all are faced with major changes to administrative arrangements."

At present, 16 per cent of companies in the survey had only two or three questions about health and absence from work in their standard application forms. Another 22 per cent had a separate medical questionnaire and 31 per cent gave all employees a full medical.

In redesigning short term ill-health schemes, says the guide, companies should consider the impact of the introduction of statutory sick pay next April.

Depending on the proportion of single and married employees, employers' sick pay costs are likely to rise by about 7 per cent even if no change is made in benefit levels. Employees will see their sick pay fall by 12 to 17 per cent.

The guide finds that provisions for long term ill-health remained predominantly a senior management benefit.

Company-financed medical insurance schemes were largely a benefit for directors and senior managers, says the guide. Voluntary schemes were popular in large companies and many insurers had offered attractive terms to companies which encouraged employees to participate.

However, some companies expressed concern at the level of claims and the consequent inevitable rise in premiums.

Monks Guide to Company Provisions for Sickness and Ill-health 1982-83, by Tony Vernon-Harcourt, Monks Publications, Debden Green, Saffron Walden, Essex, £27.

Burroughs revamps management for UK expansion move

By Guy de Jonquieres

BURROUGHS MACHINES, the British subsidiary of the U.S. computer manufacturer, yesterday announced a senior management shake-up which, it said, marked the start of expansion in the UK.

Mr Robert King, 53, a former chief executive of Scottish and Newcastle Breweries, has been appointed managing director of Burroughs Machines. He replaces Mr Laurie Rushton, 56, who has taken early retirement after two years in the post.

Mr King, who left Scottish and Newcastle Breweries abruptly last March, has no experience in the computer industry. Burroughs said his appointment was consistent with the policy of Mr Michael Blumenthal, chairman of the U.S. parent company, of recruiting professional managers to key positions.

Mr David O'Brien, 40, formerly managing director of the UK subsidiary of Cray Research, the scientific computer manufacturer, has been named Burroughs' UK director of sales and marketing. This is a new position.

Burroughs employs 5,000 people in Britain and has six UK manufacturing plants. It is due to open a business forms factory in Deeside, Scotland, shortly and plans a £10m computer training centre in Milton Keynes, Bucks.

The company has reported falling profits for the past three years. Its pre-tax profits for the year to November 30, 1981 were £15.3m on sales of £183m.

Burroughs' request for an injunction against the decision by Oxford Regional Health Authority to award a large computer contract to Britain's ICL was rejected by the Court of Appeal last month.

WHILE much of the UK machine tool industry is still reeling from the most severe recession it has ever experienced, the Beaver company in Norwich is confidently predicting that sales will be up by one third for the second year running during the coming 12 months.

What makes the small Norwich company remarkable is that it has pushed turnover up to £4.8m in the financial year to April 1982, and turned in a modest profit against overwhelming competition from much bigger businesses, particularly in Japan.

Mr Tony Balding, the 35-year-old joint managing director, is the moving spirit behind Beaver's latest successes. He pointed out that while the UK machine tool industry exported some 70 automatic tool changing machine centres last year, the Japanese exported 4,300.

He estimated that there were at least ten Japanese companies selling more than 50 computer controlled machine centres a month while Beaver made less than 100 a year.

The near collapse of the British market for machine centres has pushed Beaver into the export field and the Japanese are the number one competitors in all the markets the company has tackled.

"In the home market we can go hard on the service aspects. But overseas we have to stress the technical features, the quality, and the attractiveness of the financial package we can put together," said Mr Balding. "But in the end, it is more of a commercial decision than a technical one."

A small Norwich-based company is standing up to the recession—and Japan. Mark Webster looks at Beaver's success formula.

Beaver finds it difficult to compete on a purely cost basis with the Japanese.

In the U.S. market, which is vital to Beaver, the Japanese had stocked thousands of machines in anticipation of an upturn, Mr Balding said. About one third of Beaver's sales are to export markets and of those nearly half are to the U.S.

Mr Balding was critical of the Export Credits Guarantee Department which he said did not respond fast enough to appeals from smaller companies where a few days could make the difference between winning or losing an order.

A small company could only get an edge in the highly price sensitive market by keeping a tight rein on production, he said. At Norwich, the 210-strong workforce has proved flexible on manning, stock and work in progress is kept to a minimum and the range of products is kept as small as possible and aimed at proven markets.

The major change in recent years has been the introduction of three new bed-type computer numerically controlled (CNC) machines which offer greater flexibility in the manufacturing process than the old "knee" type machines. Next year, Beaver will introduce its first horizontal machine centre.

The new models means that CNC and NC machines account for some 80 per cent of turnover. The remainder is still in the manual milling machines developed from the company's original product.

Beaver has tried to remain competitive by bringing manufacturing needs in-house. It recently set up a sheet metal fabrication section work which had previously been sub-contracted.

But electronics has to be bought from its arch-rival, the Japanese. The CNC controls were bought from Fanuc and Yasnac of Japan, Mr Balding said, because Britain's specialists such as GEC were not as well trusted as the Japanese and could not offer the same back-up facilities.

Beaver believes that by using the latest Japanese technology and concentrating on a limited number of multi-purpose machine tools it will

be able to continue its impressive growth pattern.

Beaver's secret seems to be that it gets a great deal done using minimal resources. Nowhere is this more evident than in the computer room where about 550,000 has been invested in a largely home-built system.

Mr Joe Booth, the manufacturing manager, estimated the system had saved the company £150,000 by cutting stock levels and speeding work in progress through the factory, considerably easing the company's cash flow.

"The company was suffering from growing pains. Sales were going up but the complexity of the manufacturing operation was increasing even faster. The machine shop was making stuff the fitters didn't need and the fitters were asking for stuff which the machine shop wasn't making," said Mr Booth.

The Beaver answer was to install some 16 mini-computers around the factory—six of them on the shop floor. These were fed a breakdown of everything in store and everything needed for the smooth flow of production.

The company's computer room looks more like a handyman's workshop. Computer operators build their own systems from bought-in parts.

The company now has a more sophisticated computer system than it could otherwise have afforded. In future, Mr Balding said, more money would be spent on the computer while improvements would be made to the company's machine tools and to increasing productivity.

Prior raises doubts about De Lorean rescue plan

By Our Belfast Correspondent

MR JAMES PRIOR, the Northern Ireland secretary, yesterday voiced his concern about two major industrial projects in Northern Ireland which have run into difficulties.

He said he believed the chances of rescuing the De Lorean sports car operation, now in receivership, were "about even, if as good as that."

No money has been forthcoming from Mr John De Lorean, the U.S. founder of the company, despite his frequent claims to have raised finance to re-acquire the Belfast assembly plant.

Talks between the receivers and UK consortium were continuing but, said Mr Prior, he did not want to raise hopes which might not be fulfilled.

The receivers would decide which bid was best for the company, when bids were made, he said.

Mr Prior was also "apprehensive" about Lear Fan, the U.S.-backed company preparing to build a carbon fibre executive aircraft near Belfast.

The company has begun a two-week scheduled holiday after laying off 580 Northern Ireland workers while 400 U.S. workers have been sent home for a week because of a cash shortage.

Mr Prior said the company's future depended on raising sufficient private capital to get into production. He hoped the problems of raising finance would be overcome.

His comments were made during a visit to Short Brothers, the Government-owned aircraft factory at Belfast. The company has rolled out the first production model of a 38-seater commuter airliner three weeks ahead of schedule. It has 27 orders and options for the aircraft. Deliveries will start in November.

Mr Prior said orders for engine podding work at Shorts and for its aircraft had been slowed by the recession in the airline industry but the company was keeping within its financial targets.

Plessey lands Project Raven.

Plessey has just been awarded a defence contract by the Australian Government, potentially valued at over £70 million, for the latest generation of electronic countermeasure-resistant army radios.

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Price, based upon manufacturer's rrp, and correct at time of going to press, includes seat belts, car tax and VAT (Delivery number plates and road tax extra.) Official fuel consumption figures for XJ12 H.E.: urban cycle 15.9 mpg (18.8 L/100 km), constant 56 mph 26.8 mpg (10.5 L/100 km), constant 75 mph 21.5 mpg (13.1 L/100 km). *26% improvement over 1980 model at constant 56 mph.

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Wednesday August 4 1982

THE LARGE COMPUTER MARKET

IBM pulls out the plug

By Guy de Jonquieres in London and Louise Kehoe in San Francisco

Subsidies and commonsense

POLITICIANS have a tendency to yield to the imperative of big numbers, particularly when exercising patronage with taxpayers' money. It is a generalisation that applies with equal validity to the promotion of new industries, the propping up of old ones or the procurement of export contracts.

As for the proposed pulp and paper mill, there are obvious attractions in a project which will use British timber, save imports and create jobs. But the experience of the Fort William pulp mill in Scotland, which was closed in 1980, should provide a warning about government-backed projects in this field.

Investments
 Big capital intensive investments by foreign manufacturing companies from outside the regional economy have not proved conspicuously effective in creating an entrepreneurial dynamic in depressed areas.

Attractions
 Clearly the Government should make every effort to prevent needless closures; to meet so without resort to the financial soft option.

Kenya—a warning to the West

THROUGHOUT Africa there are signs of distress. The continent is in the midst of a turbulent and testing period. Ghana and Liberia have harsh military regimes, unable to resolve their country's problems. Zaire struggles under overwhelming debt obligations. Mozambique faces a growing insurgent movement. Zimbabwe is riven by a tribally based division—and these are just some of the examples.

Tensions
 The former British colony emerged from the tensions of Mau Mau under the estate leadership of Jomo Kenyatta and followed a post-independence strategy that some saw as an African model.

Serious
 Like neighbouring Tanzania (which must now produce over 18 tons of tea to buy a tractor which cost five tons of tea in 1973), Kenya has been hard hit by rising import costs not matched by returns for its exports.

Men & Matters
Fall out
 The Electricity Council is the first nationalised industry of the mark to try to catch up with such private sector giants as Unilever and ICI by producing a modern business history.

Smell of success
 Few companies are reporting 40 per cent increases in turnover this year.

IMITATION may be the sincerest form of flattery. But for International Business Machines, the world's largest computer manufacturer, it is a pain in the neck.

Since the mid-1970s, IBM has had to contend with a group of much smaller rivals whose sole business is making "clones" of its larger machines and selling them to its customers.

A major blow from an unexpected quarter
 Today, however, the PCMs—and the Japanese—are reeling under a major blow from an unexpected quarter.

How the leaders compare
 Value of large "mainframe" computers installed worldwide, end-1980 (\$m)

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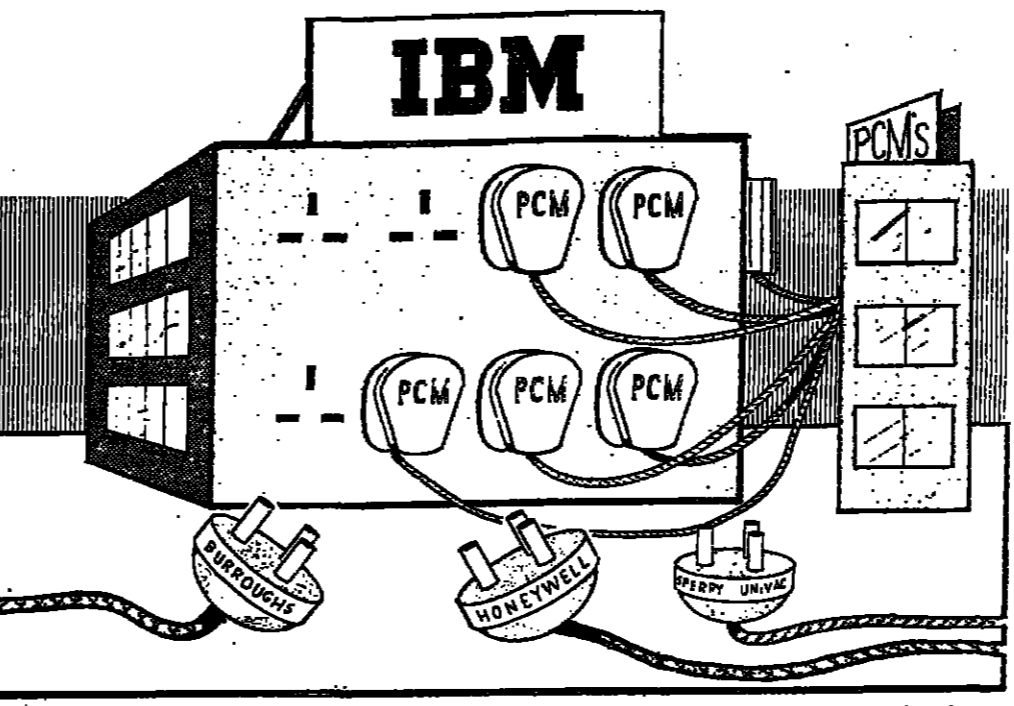
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However, the company and its customers have benefited from the competition, which has spurred IBM to step up research and development spending and to invest massively in automated production.

Left hand down
 Ten flat tyres and three dead chickens after leaving Hong Kong a small convoy of vehicles plastered with capitalist advertising slogans arrived in Peking this week.

Crash course
 The Netherlands Tourist Office in Bond Street issues free maps of Holland which, I feel, enjoin English drivers to have a care.

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owns more than 30 per cent of its equity and supplies it with chips and sub-assemblies. Amdahl claims that the value of its total sales is the highest of any PCM, though NAS, which also sells smaller machines, claims to have installed more computers.

Japan sponsoring a radically new computer
 course for the longer term. Its government is sponsoring a massive project to develop by the early 1990s a radically new type of machine called the Fifth Generation Computer.

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He believes that IBM's manufacturing efficiency is now so great that it will be increasingly difficult for the PCMs to compete directly with its mainframe computers in the future.

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For over a decade, people with a sense of occasion have chosen to rendezvous at the Inn on the Park.

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This is made possible by service so thorough, so efficient and so unobtrusive that it leaves the businessman totally free to deal with matters at hand. No matter how big the business, or how small the gathering.

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The Four Seasons which boasts cuisine fit for the palates of the greatest captains of industry. And Laney, where the whitest collars can loosen their ties...not to mention their belts.

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where the best people meet.

Observer

Dubilier to acquire 80% of EDAC

Dubilier, manufacturer of electronic components, is to acquire 80 per cent of EDAC Inc.

The Foreign Investment Review Agency of Canada has given its approval to the acquisition and, subject to the receipt by Dubilier of a satisfactory report on EDAC from Peat,

The purchase price is to be satisfied in cash from existing bank facilities. EDAC's turnover and profit before tax for the year ended June 30 1981 were C\$2.2m and C\$0.8m respectively, and its net assets at that date amounted to C\$2m.

Sunlight and Johnson battle over job cuts

TRADE SECRETARY, Lord Cockfield, is expected to have received and pronounced on the recommendations of the Office of Fair Trading into the E35m offer by Sunlight Services Group for Johnson Group Cleaners by the end of this week and, in the meantime, both companies have

Sunlight yesterday denied Johnson's estimate of 649 redundancies post-merger as a "wild exaggeration" and said that it had never contemplated more than 450 job losses. The defence was quick to pick up on that point and challenged Sunlight to say how many works

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's dividend.

Table of Board Meetings with columns for Company Name, Date, and Notes.

The combined group would be forced to close. It said that the enlarged group would control 40 works in the UK which, Johnson reckoned, would be far more than that required by groups with "even the most monopolistic tendencies in our trade."

Reed buys St. Regis

Following the consent of the Secretary of State for Trade, Reed International has acquired from St Regis International the entire issued share capital of St Regis Newspapers for a total cash consideration of \$8m.

As a result of the operating profit of St Regis Newspapers from January 1 1982 to date being lower than forecast when the terms of the acquisition were agreed in principle, the consideration has been reduced by \$1m from that announced on February 1 1982.

STOCK EXCHANGE BUSINESS IN JULY

Turnover soars to record £25bn

BY NIGEL SPALL

The accelerating trend towards lower interest rates encouraged further heavy institutional and public buying of gilt-edged securities last month and pushed turnover in the sectors to record levels. The number of trading days in July totalled 22, the same as June.

Total business soared 35.1 per cent from June's £18.50bn to a peak of £25bn and the Financial Times turnover index for all securities accordingly jumped from 567.0 to a record high of 766.2.

Boon trading returned to the gilt-edged sector in which business expanded dramatically, jumping by a remarkable £5.99bn, or 41 per cent, to a record £20.60bn; this easily surpassed the previous peak of £17.79bn recorded last March in the wake of the Budget.

Business in short-dated stocks was up by £3.46bn, or 44.8 per cent, from £7.73bn to £11.19bn, while trade in the longer-dated and irredeemables expanded by £2.53bn, or 38.3 per cent, from £6.57bn to £9.10bn.

The number of bargains done in British Funds rose in July by 16,073 to 81,403 with an increase of 9,730 to 63,046 in longer-dated stocks. Deals in the shorts increased by 6,347 to 25,367. The Financial Times Turnover index for all British Government

Securities peaked at 871.6 compared with June's 618.2 and the March 1982 previous record of 752.3.

The dramatic increase in the demand for gilts followed the downturn in international interest rates. The Financial Times Government Securities Index attained a two-year high point of 72.66 on July 23. Subsequently, it eased on fears of a further slide into recession and remained uninspired by another 3-point base rate cut to 11 1/2 per cent. The index ended the

month a net 2.90 points up at 73.34.

Equity shares, again overshadowed by events in the gilt-edged sector, were nevertheless dragged up on cheaper money considerations in the early part of the month. Sentiment subsequently took a knock on rumours that a major engineering concern was in difficulties. The Financial Times Industrial Ordinary index touched its month's high of 578.2 on July 23. The Financial Times Gold Mines index put on 39 points during the month to close at 343.7.

sharply to close the month just 2.2 higher on balance at 556.5. Business in ordinary shares rose from £2.58bn in June to £2.85bn; the number of bargains increased by 1,883 to 384,028 while the average value per bargain rose by £851 to £10,511. Gold shares took a distinct turn for the better reflecting a rally in the recently depressed bullion price which improved \$24 over the month to \$342. The Financial Times Gold Mines index put on 39 points during the month to close at 343.7.

Table showing Value of all purchases & sales, % of total, Number of bargains, % of total, Average value per day, Average value per bargain, and Average number of bargains per day for various categories.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Stock.

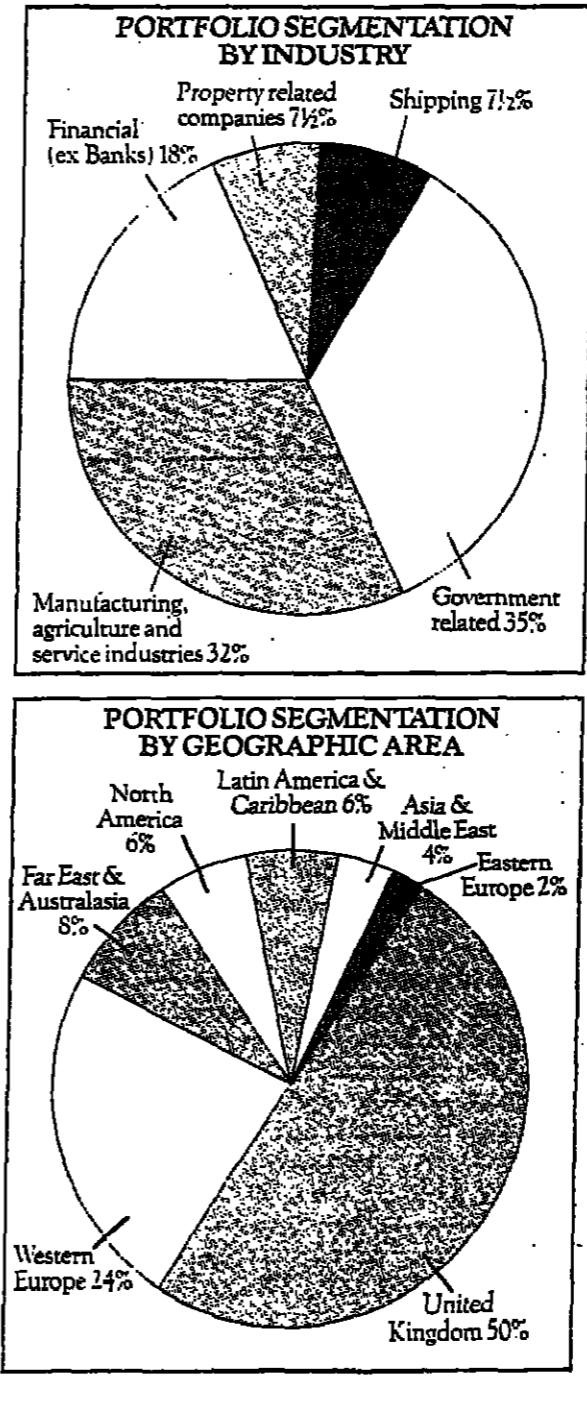
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M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212 Table with columns for Company, Price Change, Gross Yield, and Fully P/E.

Guinness Mahon 1981/82

Significant progress

Extracts from the Chairman's Statement in the Annual Report for the financial year to April 30 1982; The period under review has been a most successful one for Guinness Mahon with all sectors of our banking business showing significant gains. Our overseas offices have continued to perform above expectation with a particular contribution to our earnings emanating from Dublin and the Cayman Islands, whilst in London our Banking and Treasury, Corporate Finance and Investment Management areas all made marked progress not only in terms of overall profitability but also in relation to the number of complex transactions completed with particular emphasis on the raising of long term debt and capital for institutions and local authorities. Thus a record year of profitability has allowed us to disclose £2,500,000—an increase of more than 13% on the immediate prior year. Our balance sheet has increased to £509 million, up disproportionately to the prior year because of the depreciation of sterling against the dollar in the last few months of the year with the resultant "inflationary" balance sheet consequences. We have in the past adopted a very conservative approach to lending and to the assessment of our loan portfolio and hence to any provisions against our risk assets. We have continued that policy



this year as a result of which we feel the Bank is now well protected against the sort of geographic and industrial loans which are currently giving cause for concern to the financial community generally. It is our intention to maintain this policy in the future. Our consolidated loan portfolio is well balanced with the preponderance of growth during the year being ECGD guaranteed. Excluding transactions with banks and other cash backed loans a geographic and industrial segmentation of our loan portfolio is set out in the charts. The maturity of the portfolio reflects a similar conservatism with more than 50% of it (excluding our lending to local authorities and ECGD guaranteed loans) having a maturity date within one year thus allowing for considerable lending capacity within our existing capital resources. It is also gratifying to note in the context of the nature of our business and the structure of our overseas offices that more than 70% of the Bank's deposit base emanates from non-banking sources and in the majority of cases from depositors with a long-standing relationship with the Guinness Mahon banking group from many different parts of the world. Graham Hill London July 19 1982

Guinness Mahon logo and name.

INTERNATIONAL COMPANIES and FINANCE

CHAIRMAN DEFENDS BANK AFTER PENN SQUARE LOSS

Continental Illinois sticks to its guns

By DAVID LASCELLES IN CHICAGO

"OUR SYSTEMS broke down. It was a terrible mistake. These were the kind of words that Mr Roger Anderson, chairman of Continental Illinois, yesterday used to describe the way his bank acquired a huge exposure to bad energy loans through the Penn Square Bank of Oklahoma City, which failed last month.

Continental has launched a review of the affair by a task force consisting of bank officers, outside accountants and lawyers. In addition, Mr Anderson said he had recommended that the board of directors set up its own three-man committee to review the review.

"Until this work is completed, there will be questions which we can't answer." Looking ahead, Mr Anderson said the recent decline in U.S. interest rates meant the bank "generated a good earnings flow in July," but he declined to predict how the bank's profits would look at year end. He warned that bad loans might increase because of the recession.

Continental has had problems funding itself in the market for certificates of deposit. The bank says its access to other markets, however, including Eurodollars and Federal funds, remains unimpaired. Continental had not been forced to use the Fed's discount window where banks can get emergency funds.

Budweiser group in bid talks

By Richard Lambert in New York

ANHEUSER-BUSCH, the largest brewer in the U.S., has started preliminary merger talks with Campbell Taggart, which is based in Dallas and the second largest producer of bakery goods and refrigerated dough in the U.S.

Tempo of new Eurodollar bond offers accelerates

By ALAN FRIEDMAN

A TOTAL of \$400m of new fixed-interest Eurodollar bonds was launched yesterday as short-term dollar interest rates continued to decline. The U.S. Federal Reserve rate stayed below 11 per cent and the six-month Eurodollar deposit rate declined 1/2 point to 13 per cent.

Eurodollar dealers pitched prices around 1/2 point higher in the morning, but the gain was generally lost as more new issues came to market. A total of \$760m of new paper has been issued this week. Some profit-taking was reported by dealers.

Yield saw two bond-plus-warrant deals. One, for Du Pont, is a fixed-interest \$200m seven-year issue with a 14 1/2 per cent coupon at par. In addition, 200,000 warrants are on offer which may be exercised over a period of four years to buy 13 1/2 per cent 1989 paper.

Health care sector rides U.S. recession

IT MIGHT take a psychiatrist to explain exactly why people rush out to buy medicines during an economic recession. But whatever the underlying factors, there is no denying the success of most of the major U.S. pharmaceutical companies in keeping profits moving up during the first half of 1982, a period that has seen many other sectors of U.S. industry struggling to keep their heads above water.

ment of such urban illnesses as arthritis and heart disease, which used to be a major driving force for the company, and still turned in about 30 per cent of total sales in 1981. But the improvement largely reflected better sales of Beam, Isc anti-rice herbicide. The rest of this division suffered from the setback in world agriculture.

for treating high blood pressure. Pharmaceutical eye and skin care products have sold well in the domestic market and Smith-Kline, a leader in the field, pushed profits ahead by 16 per cent in the latest quarter. There are strong hopes for worldwide sales of Tagamet, the company's anti-cancer drug, but the firmness of the U.S. dollar has undermined international profits.

Schering-Plough, with \$1.8bn sales in 1981, counter-balanced a downturn in its cosmetics and Scholl footwear units with successful pharmaceutical sales in the U.S., Latin America and Japan. But this could not outweigh the blow from the loss of the U.S. patent on Garamycin, a successful antibiotic of which sales halved in the past year as cheap substitutes entered the market.

Terry Byland in New York explains how U.S. pharmaceutical groups have kept earnings rising

Not that it has been a boom time for every company in the sector. The pharmaceuticals business is of truly international dimensions now and the leaders have not always been able to protect themselves against swings in world currencies or downturns in national economies. Moreover, most companies have seen drooping sales in any non-health care businesses in which they are involved.

closed that profits outside the health care business were poor. At G. D. Searle, whose annual sales were almost \$1bn last year, profits looked a good deal better in this year's second quarter as a result of the decision to close down the medical products division, which cost the group \$32m last time round.

The major boost to Searle's profits this year came from Nutrasweet, an artificial sweetener which has taken a strong position in a suddenly booming market for sugar substitutes. Squibb is another to have benefited from management decisions to move closer to the health care sector, and to get out of other businesses which it inherited from the 1968 merger with Beech-Nut Life Savers. It recorded a 27 per cent jump to record earnings in the April-June quarter, largely reflecting the success of Corzard and Capoten, two drugs

for their rivals to pick up. The U.S. pharmaceutical leaders have always benefited from a huge home market which has enabled them to justify substantial investment in new drugs before taking on international competitors. But it is becoming clear that when the recession abates, companies will continue to withdraw from non-health care operations, perhaps leaving some interesting operations in agricultural pharmaceuticals or in the retail cosmetic industries

\$50m Mexican credit

By OUR EUROMARKETS STAFF

CONASURO, the Mexican state food products marketing agency, is raising \$50m through a three-year credit organised by Rosenthal International, the London-based group. The credit provides lenders with the option of participating for one, two or three years at either Libor or prime rate related interest margins.

tranche credit led by Paribus and Sumitomo Bank. Tranche A is a \$150m credit over 10 years, with an interest rate either at the base rate plus 100 basis points or an additional 1 per cent over three-month yen-denominated certificates of deposit, whichever is higher.

Sharp reverse for Boeing

By Our New York Staff

BOEING, the world's largest manufacturer of commercial aircraft, has suffered a sharp drop in sales and profits during the first half of 1982. Revenues in the half-year fell from \$1.8bn to \$1.6bn, and earnings slipped from \$234m to \$132m.

The second quarter brought earnings of just \$71m compared with \$140m a year ago, on sales of \$2.4bn against \$2.77bn. The comparisons would have looked worse but for a marked fall in Boeing's federal tax provisions in 1982. On a pre-tax basis, Boeing's profits for the half-year are down from \$444m to \$148m. Earnings per share totalled \$1.37 cents against \$2.95 for the first half and 74 cents against \$1.46 for the second quarter. Total backlog of unfilled orders at the end of June amounted to \$20.2bn.

Fiat sells Colombia stake

By Rupert Cornwell in Rome

FIAT, the Italian motor group, has sold a controlling interest in Automotriz, its Colombian offshoot, to Mr Salomon Kassira, a Colombian industrialist, for a sum reported to be about \$30m. The deal, which was confirmed last night by Fiat in Turin, involves the disposal of the group's 80 per cent stake in Automotriz, which assembles locally 131 and 147 cc versions of the 127 models. The other 20 per cent of the Colombian company's equity remains in the hands of the state-owned Colombian Development Institute.

FT INTERNATIONAL BOND SERVICE

The list shows the 300 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurodollar prices which will be published next on Wednesday August 18. Closing prices on August 3

Table with columns: U.S. DOLLAR, Issued, Bid, Offer, Day, Week, Yield. Includes entries for Aena Life, Amex Int. Fin., BNP France, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, Day, Week, Yield. Includes entries for Bell Canada, Can Pac, Cdn. Western, etc.

Table with columns: FLOATING RATE, Spread, Bid, Offer, Day, Week, Yield. Includes entries for Allied Irish, Bk of Tokyo, etc.

Banks meet on Ambrosiano

By Our Rome Staff

THE FATE of Banco Ambrosiano hung in the balance last night as the seven banks forming the rescue consortium met to consider a second set of more permanent measures to secure the future of the battered Milan bank. The key question facing the pool members is whether to seek the formal liquidation of Ambrosiano as it now stands (believed by many observers here to be the most practical solution). The move would mean the transfer of Ambrosiano's existing structure to the seven consortium banks.

Table with columns: DEUTSCHE MARK, Issued, Bid, Offer, Day, Week, Yield. Includes entries for Aslan Dev, Austria, etc.

Table with columns: SWISS FRANC, Issued, Bid, Offer, Day, Week, Yield. Includes entries for Ai Canada, Aslan Dev, etc.

Table with columns: CONVERTIBLE BONDS, Cvn, Cvd, Bid, Offer, Day, Week, Yield. Includes entries for Autonomo, Bow Valley, etc.

Advertisement for Industrias Resistol SA (Mexico) featuring a logo and text: 'INDUSTRIAS RESISTOL SA (MEXICO) US \$24,000,000 Term Loan Facility. Provided by Wells Fargo Bank, N.A., Banco Internacional, S.A., Multibanco Comermex, S.A., Maryland National Bank, Wells Fargo Bank, N.A. Agent. June 3, 1982'

Saudi banker 'disowned'

By Our Financial Staff

THE Al Jassar family of Kuwait, prominent banking and mercantile family, has disowned Ghazi Abdullah Al Jassar, a partner of Abdullah Saleh Al Rajhi, whose Saudi Arabian money changing business is being sued for about \$300m by British, Belgian and other banks. Mr Abdullah Al Jassar, the general manager of Kuwait's Burgan Bank, said last night that neither he nor any member of his family had any connection with Ghazi Abdullah Al Jassar. "We do not approve of his activities and we have no ties to him," said Mr Al Jassar. Mr Ghazi Abdullah Al Jassar is the joint partner of Abdullah Saleh Al Rajhi. The Al Jassar-Al Rajhi business in Kuwait is involved in foreign exchange and travellers cheques. In Saudi Arabia, authorities are liquidating the Dammam-based business of Abdullah Saleh Al Rajhi, whose family disowned him several months ago. Burgess Bank said yesterday it wished to make clear that the bank and its general manager, Abdullah Al Jassar, have never had any dealings with Abdullah Saleh Al Rajhi or Ghazi Abdullah Al Jassar.

هكذا من العمل

Companies and Markets INTL. COMPANIES & FINANCE

Deutsche Bank reports gain in half-year profit

BY STEWART FLEMING IN FRANKFURT

DEUTSCHE BANK, West Germany's leading commercial bank, reports a renewed surge in operating earnings in the first half of 1982 following a further improvement in lending margins as a result of falling interest rates and short term lending.

merical bank which is recovering from recent setbacks, Bayerische Hypothekbank of Munich reported a 4.2 per cent rise in interest earnings and a 54.3 per cent gain in partial operating earnings to DM 283.5m.

Stanbic warns of second-half downturn

By Our Johannesburg Correspondent

STANDARD BANK Investment Corporation (Stanbic), the South African bank 58 per cent owned by Standard Chartered of the UK, fears that it will suffer a profit downturn this year.

Finmeccanica lifts interim sales

BY RUPERT CORNWELL IN ROME

FINMECCANICA, the engineering division of IRI, the state-owned Italian industrial conglomerate, yesterday reported a rise in first-half sales of 17 per cent and a 31 per cent increase in orders.

money terms, to L1,059bn from L1,106bn. The succession of losses reported by Alfa in recent years has been the main single drain on Finmeccanica's resources.

Ruhrstahl to be launched in November

By James Buchan in Bonn

RUHRSTAHL, the planned fusion between the two West German steel concerns, Hoesch and Krupp Stahl, should come into being in November, according to Herr Detlev Rohwedder, chief executive of Hoesch.

ITT sets up Taiwanese computer peripheral plant

BY ROBERT KING IN TAIPEI

QUME CORPORATION, a subsidiary of International Telephone and Telegraph of the U.S., has received approval for a US\$10m investment in Taiwan to produce computer disk drives and printers.

equipment manufacturers who will market them under their own brand names. Initially, Qume will import all parts for its printers and drives from the U.S. but it plans to use parts from Taiwanese companies as soon as possible.

There remains, however, one very serious problem. Herr Rohwedder said that Hoesch is seeking to appropriate an unjustly large share of the Estel quota for steel production.

Setback for Toyota South Africa

BY OUR JOHANNESBURG CORRESPONDENT

TOYOTA SOUTH AFRICA, the vehicle manufacturer, has reported a fall in interim profits before tax and last-in first-out stock adjustments to R23m (\$90.2m) from R35.4m a year earlier.

The setback came despite sales of 48,386 vehicles against 41,646 a year earlier which lifted the company's market share to 21.5 per cent from 19.3 per cent.

OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT 10 1/2% guaranteed bearer notes 1982 due 1987 guaranteed by THE REPUBLIC OF AUSTRIA

U.S. \$75,000,000 Banque Worms Floating Rate Notes Due 1994. Bank of Tokyo (Curaçao) Holding N.V. Us \$75,000,000 Guaranteed Floating Rate Notes due 1991

COMPAÑIA TELEFONICA NACIONAL DE ESPAÑA - The Company's shares are by far the most widely distributed common stock in Spain. The Spanish public sector owns 48.3 per cent of the share capital and more than 600,000 private shareholders the rest.

NORTH AMERICAN QUARTERLIES

Table with columns for companies (DENTSPLY INTERNATIONAL, ST. PAUL, SUN, EMERY AIR FREIGHT, SOUTHLAND CORPORATION, FOXBORO COMPANY, STANDARD BRANDS PAINT, MACMILLAN, STONE CONTAINER, TRANSOCO, TIMES MIRROR, LUNAROYAL, W.W. WRIGLEY JR.) and rows for financial metrics (Revenue, Net profit, Net per share) for 1982 and 1981.

THREE YEAR SITUATION BALANCES 1979-1981 (Millions of pesetas unless otherwise stated). Table with columns for Assets, Stockholders' Equity and Liabilities, and rows for 1979, 1980, 1981, and U.S.\$ millions.

Banco de Bogotá Finance Corporation U.S.\$25,000,000 Guaranteed Floating Rate Notes 1985. Unconditionally and irrevocably guaranteed by Banco de Bogotá.

MAIN OPERATING STATISTICS 1979-1981. Table with columns for 1979, 1980, and 1981, and rows for telephone service statistics (Number of telephones in service, increase over previous years, etc.).

WORLD STOCK MARKETS

Dow index up 5 more at 1pm

NEW YORK

Table of stock prices in New York, including columns for Stock, Aug 2, July 30, and 1982 price.

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STOCKS ON Wall Street tended to gain further ground in active early dealings yesterday, extending Monday's sharp rally, as investors continued to respond to declining U.S. interest rates.

Higher-Bullion prices triggered demand for Non-ferrous Metal shares. Sumitomo Metal Mining put on Y400 and Mitsui Mining and Smelting Y6 to Y293.

Table of stock prices in New York, including columns for Stock, Aug 2, July 30, and 1982 price.

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Canada After Monday's holiday closure, the Toronto market picked up sharply yesterday morning, interested by the lower U.S. interest rates. The Toronto Composite Index rose 18.5 to 1,490.4 at noon, while Oil and Gas advanced 4.2 to 2,483.3, Golds 23.1 to 1,801.8 and Metals and Minerals 35.5 to 1,344.3.

Hong Kong Persisting worries over Hong Kong's political future, a weaker Hong Kong dollar and a fresh bout of concentrated selling in Hang Seng Bank shares caused the market to turn sharply lower after an initial improvement.

Table of stock prices in New York, including columns for Stock, Aug 2, July 30, and 1982 price.

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Tokyo The sharp recovery on Wall Street overnight amid declining U.S. interest rates prompted fresh early buying of Japanese Blue Chips. However, investors soon turned to profit-taking, and stock prices made a mixed showing on balance.

Australia Markets staged a good rally in one of the busiest sessions so far this year. Traders, returning from the holiday-lengthened weekend, said they were encouraged by Wall Street's solid Monday performance and by stronger overnight metal prices.

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Germany Shares advanced fresh at the outset in response to Wall Street's sharply higher close on Monday. However, most gains were partially eroded later when

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INDICES

Table of stock indices for various countries including Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Norway, Singapore, South Africa, and Switzerland.

STANDARD AND POORS

Table of Standard and Poors indices for various countries.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York, including columns for Stock, Aug 2, July 30, and 1982 price.

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Monday's Dow Jones Industrial Average, which advanced 35.0 more at 1:01 p.m., closed at 2,493.3, up 1.8 points from Monday's close of 2,458.3. The index is now 100 points above its closing level on July 26.

LONDON STOCK EXCHANGE

هكذا من الأجل

Gilts up again and equities follow on expectations of further cut in base rates—Index up 8.0 at 566.2

Account Dealing Dates Option
*First Declara- Last Account
Dealings Dates Dealings Day

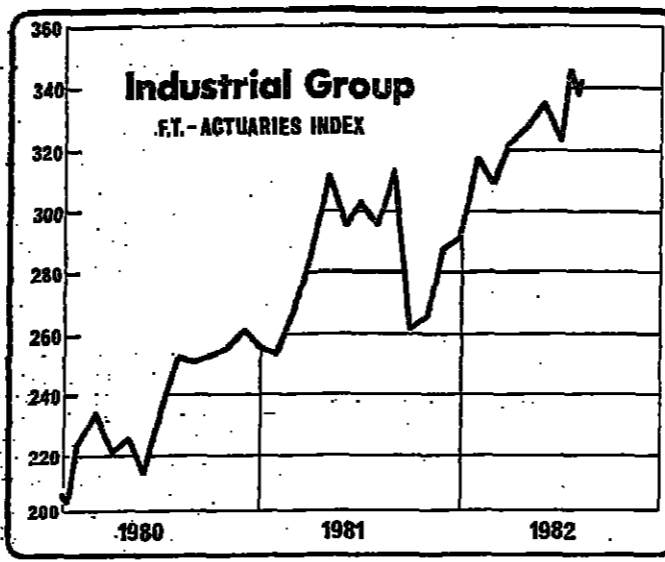
London stock markets became increasingly confident yesterday that yet another cut in base lending rates was in the offing.

Continuing demand for Gilts enabled the authorities to make sales of the remaining 10-year, Exchequer 12 per cent 1986, at 98 1/2 and the price eventually settled 1/4 higher at 98 1/2.

The good overnight performance on Wall Street encouraged dealers to open leading London shares higher and occasional selective demand was forthcoming at the higher levels.

Of the sectors, further good buying left Breweries with useful gains, which took the sector index to an all-time high, while the prospect of an early reduction in mortgage rates encouraged fresh demand for Building issues.

A friendlier market since last Friday's disappointing interim figures from Midland, the major clearing banks perked up considerably in line with the general trend.



Allen rose 10 to 340 1/2 as did Gerrard and National, to 295 1/2, and Seccombe Marshall and Campion, to 226.

to the better-than-expected annual results, Burgess Products rose 4 to 61p.

Further useful demand was forthcoming for selected Food Retailers. Wm. Sainsbury's rose 3 to a 1982 peak of 238p.

where, Global Natural Resources reacted 45 to 710p as bid hopes faded.

Financials trended higher, where changed. Stockjobs Akroyd and Smiters rose 8 to a 1982 peak of 238p.

Table titled 'FINANCIAL TIMES STOCK INDICES' showing various indices like Government Secs, Fixed Interest, Industrial Ord, etc., with columns for Aug 3, Aug 2, July 30, July 29, July 28, July 27, and Year ago.

Table titled 'HIGHS AND LOWS' and 'S.E. ACTIVITY' showing high and low prices for various stocks and their activity.

Seasonal demand coupled with talk that the prolonged slump in beer production may be nearing its end prompted some useful rises among Breweries.

low for the year of 54p before settling a net penny off at 85p; Espley-Tyass has sold its near-20 per cent stake in the company.

Turner & Newall flat Nervous selling of Turner and Newall continued throughout the session yesterday and into inter-office dealings on mounting concern about the asbestos controversy.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table titled 'EQUITY GROUPS & SUB-SECTIONS' showing various equity groups like CAPITAL GOODS, BUILDING MATERIALS, etc., with columns for Index, % Change, and other metrics.

Table titled 'FIXED INTEREST' showing average gross redemption yields for various fixed interest instruments like British Government, etc.

OPTIONS

First Last For Deal. Declara- Settling- ings tion ment

Stocks favoured for the call included Aviation Real Estates, Williams Leech, Hitec, Bilo-Isolates, Johnson Group Cleaners, Glynwed, Black and Edgington, Lomrho, KCA Drilling, Johnson and Firth Brown, Marks and Spencer, Chloride, Tesco, Britannia Arrow and Sound Difusion. Puts were completed in Caravans International and Avonine Hatherson.

NEW HIGHS AND LOWS FOR 1982

Table listing new highs and lows for 1982 across various sectors like CAPITAL GOODS, BUILDING MATERIALS, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in stock prices yesterday, categorized by sector like British Govt, etc.

RECENT ISSUES

EQUITIES

Table of recent equity issues with columns for issue price, amount, and stock details.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for issue price, amount, and stock details.

"RIGHTS" OFFERS

Table of rights offers with columns for issue price, amount, and stock details.

Renomination date usually last day for despatch free of stamp duty. Figures based on prospectus unless otherwise stated.

ACTIVE STOCKS

Table of active stocks with columns for stock name, closing price, and day's change.

MONDAY'S ACTIVE STOCKS

Table of Monday's active stocks with columns for stock name, Monday's price, and day's change.

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralysing MULTIPLE SCLEROSIS — the cause and cure of which are still unknown — HELP US TO BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE of MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help — send a donation today to: Room F.1, The Multiple Sclerosis Society of G.B. and N.I., 286 Munster Road, Fulham, London SW6 6BE.

Advertisement for IMETAL, a French industrial holding company. Includes text 'In war, in peace you need his help' and 'A donation, a covenant, a legacy to THE ARMY BENEVOLENT FUND'.

Companies and Markets

CURRENCIES and MONEY

FT UNIT TRUST INFORMATION SERVICE

Dollar nervous

The dollar traded nervously yesterday as the market tried to assess short term U.S. interest rate trends. In the past the dollar has been known to move firmer after a sharp fall similar to the one experienced recently and the temptation to cover short positions was not resisted by everyone yesterday and this accounted partly for the dollar's recovery from lows touched early on. It finished the day showing only small changes against major currencies with the longer term trend tending to suggest further cuts in interest rates and a softer dollar. While the dollar may stabilise, interest rates were likely to fall according to recent comments by Rev. Paul Volcker, U.S. Treasury Secretary for monetary affairs, who indicated prime rates of 8 per cent by the year end if inflation is kept to 5 per cent.

Sterling maintained its recent firm trend despite further falls in domestic interest rates. Its index was virtually unchanged from six months ago even though base rates have fallen some 21 points since then. DOLLAR Trade weighted index (Bank of England) unchanged at 119.9 from Monday and 111.6 six months ago. Three-month Treasury bills 9.60 per cent (13.70 per cent six months ago). Annual inflation rate 7.1 per cent (6.7 per cent previous month). The dollar closed at DM 2.4390 against the D-mark up from a low of DM 2.4175 on Monday's close of DM 2.4350. Similarly against the Swiss franc it finished at SwF 2.0725 from SwF 2.0660 and Y287.84 from Y285.55. STEERING—Trade weighted index unchanged all day and from Monday at 91.7 (91.8 six months ago). Three-month interbank 11.1 per cent (13.1 per cent six months ago). Annual inflation 8.2 per cent (8.5 per cent previous month). Sterling unchanged at \$1.7580 against the dollar and rose to a best level of \$1.7600 during the morning before coming back to \$1.7550 by noon. During the afternoon a late recovery by the dollar pushed sterling to a low of \$1.7480 before closing at \$1.7490. A fall of 25 points. It was unchanged against the D-mark at DM 2.437 but rose against the Swiss franc to SwF 2.0725 from SwF 2.0660. It was slightly down against the French franc at FFR 11.8700 compared with FFR 11.8525. D-MARK — EMS member (weakest). Trade weighted index 125.8 against 125.5 on Monday and 115.6 six months ago. Three-month interbank 9.30 per cent (10.25 per cent six months ago). Annual inflation 5.7 per cent (5.8 per cent previous month). The D-mark was hardly changed over all at yesterday's fixing in Frankfurt. The dollar fell to DM 2.4347 from DM 2.4307 with the Bundesbank selling \$2.3m at the fixing. Sterling rose to DM 2.4290 from DM 2.4380 and the Swiss franc was higher at DM 1.1758 compared with DM 1.1733. On the other hand the Belgian franc slipped to DM 5.24 per Bfr 100 from DM 5.2420 and the French franc was lower at DM 35.93 from DM 36.00. FRENCH FRANC—EMS member (second strongest). Trade weighted index unchanged at 74.3 from Monday and 73.7 six months ago. Annual inflation 13.5 per cent (13.8 per cent previous month). The French franc showed mixed changes at yesterday's fixing in Paris, falling against sterling, the Swiss franc and the guilder but improving in terms of the dollar and Belgian franc. The D-mark was unchanged at FFR 2.7838 while the dollar slipped to FFR 6.7560 from FFR 6.7590 as Euro-dollar rates edged higher at FFR 11.8560 from FFR 11.8450 as was the Swiss franc at FFR 3.2765 compared with FFR 3.2732.

THE POUND SPOT AND FORWARD

Table with columns: Aug 3, Close, One month, % change, Three months, % change. Rows include U.S., Canada, Netherlands, Belgium, Denmark, Ireland, W. Ger, Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switzerland, and Belgium rate for convertible franc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Aug 3, Close, One month, % change, Three months, % change. Rows include UK, Ireland, Canada, Netherlands, Belgium, Denmark, W. Ger, Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switzerland, and UK and Ireland are quoted in U.S. currency.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Morgan Guaranty, Aug 3, Special Drawing Rights, European Currency Unit. Rows include Sterling, U.S. dollar, Canadian dollar, Australian dollar, etc.

OTHER CURRENCIES

Table with columns: Aug 3, Note Rates. Rows include Argentina, Australia, Brazil, Finland, Greek Drachma, Hong Kong Dollar, Kuwaiti Dirham, Luxembourg, Malaysia, New Zealand, Saudi Arabia, Singapore Dollar, Sth African Rand, U.A.E. Dirham, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: ECU currency central rates, % change from August 3, % change from previous month, Divergence limit. Rows include Belgium, Denmark, German D-Mark, French Franc, Dutch Guilder, Irish Punt, Italian Lira.

EXCHANGE CROSS RATES

Table with columns: Aug 3, Pound Sterling, U.S. Dollar, Deutschemark, Japanese Yen, French Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc 100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 3)

Table with columns: 5 months U.S. dollars, 6 months U.S. dollars. Rows include bid 12 1/8 offer 12 1/8, bid 12 1/16 offer 12 1/16.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table with columns: Aug 3, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, French Franc, Italian Lira, Belgian Franc, Yen, Danish Krona. Rows include Short term, 7 day's notice, 1 month, 3 months, 6 months, One Year.

MONEY MARKETS

UK rates continue to fall

UK clearing bank base lending rate 11 per cent (since July 30 or August 2 and 3). Interest rates continued to fall in London yesterday as the market looked for further cuts in clearing banks' base rates. There was no reduction in Bank of England dealing rates in Bank of England but any outright purchases, preferring to arrange further sale and repurchase agreements. In the interbank market overnight loans opened at 11-1/2 per cent and rose slowly to 12-1/2 per cent before slipping to 11-1/2 per cent by noon. During the afternoon rates fell away to finish at 5-7 per cent. Longer term rates from three to 12 months were a of a point lower at 11-1/2 per cent while one week and one month money showed little change.

EUROCURRENCIES

Eurodollars weaker

The Bank of England forecast a shortage of 1500m with factors affecting the market including bills maturing in official hands and a not take up of Treasury bills. The authorities may well announce a replacement facility in which case the rate will be watched closely to see if the authorities operate below the 5.5 per cent level offered last time. In Brussels the Belgian central bank cut rates on short term Treasury bills. One, two and three-month bills were all reduced to 14 per cent from 14 1/2 per cent. This latest move reflects a general downward trend in interest rates both in the rest of Europe and the U.S. and also the Belgian franc's comparative strength within the European Monetary System. The authorities may reduce key lending rates of monetary policy at the next meeting of the Bundesbank central council on August 12, given the recent sharp fall in U.S. interest rates. With a maturing repurchase agreement on Friday draining about DM6.4bn from the system, the authorities may well announce a replacement facility in which case the rate will be watched closely to see if the authorities operate below the 5.5 per cent level offered last time. Euro-dollar rates were a little easier yesterday with the market still looking for lower rates after recent reductions in the U.S. discount rate. All major U.S. banks have now cut their prime rates to 15 per cent and with Federal funds trading around the same level as the discount rate, the next move downward may well depend on some guiding indication from the authorities. Euro-sterling rates were also weaker in line with a continued easier trend in UK domestic rates with the possibility of a further cut in clearing banks' base rates setting stronger. Elsewhere both the D-mark and the Swiss franc showed narrower premiums against the dollar in forward trading as interest rate differentials narrowed once more.

MONEY RATES

LONDON MONEY RATES

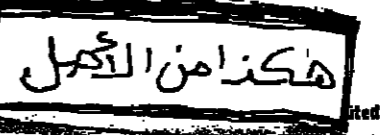
Table with columns: Prime rate, Fed funds (funch-term), Treasury bills (13-week), Treasury bills (30-week), GERMANY, Overnight rate, One month, Three months, Six months, FRANCE, Intervention rate, Overnight rate, One month, Three months, JAPAN, Discount rate, Call (one-month), Bill discount (three-month).

AUTHORISED TRUSTS

Large table listing various authorized trusts and their details, including Abbey Unit Trust, Abbey Unit Trust, Abbey Unit Trust, etc.

Handwritten signature 'Joly Collins' in a box.

Vertical text on the right edge of the page, possibly a page number or reference.



RVICE INSURANCES

Table of insurance services including Crown Life, Life Assn. Co. of Pennsylvania, and various international and domestic policies.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table of insurance and overseas managed funds, listing various fund names, providers, and performance metrics.

Table of international and offshore managed funds, including details on fund names, managers, and investment strategies.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, listing fund names and providers.

NOTES: Information regarding fund performance, currency fluctuations, and other relevant details for investors.

FOOD, GROCERIES—Cont.

Table listing various food and grocery items with their respective prices and market movements.

HOTELS AND CATERERS

Table listing hotels and caterers with their stock prices and performance indicators.

INDUSTRIALS (Miscel.)

Table listing various industrial companies with their stock prices and market movements.

FT SHARE INFORMATION SERVICE

LOANS—Continued

Table listing various loan products and their terms.

BANKS & H.P.—Cont.

Table listing various banks and their performance metrics.

CHEMICALS, PLASTICS—Cont.

Table listing various chemical and plastic companies.

ELECTRICALS—Continued.

Table listing various electrical companies.

ENGINEERING MACHINE TOOLS

Table listing various engineering and machine tool companies.

DRAPERY AND STORES

Table listing various drapery and store companies.

BRITISH FUNDS

Table listing various British investment funds.

FOREIGN BONDS & RAILS

Table listing various foreign bonds and rail investments.

AMERICANS

Table listing various American companies and their stock prices.

BEERS, WINES AND SPIRITS

Table listing various beer, wine, and spirit companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing various building, timber, and road companies.

CANADIANS

Table listing various Canadian companies.

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Fidelity's American Investment Opportunity logo and text.

BRITISH FUNDS advertisement with a list of funds and their performance.

Five to Fifteen Years advertisement with a list of investment options.

Over Seventeen Years advertisement with a list of investment options.

Index-Linked & Variable Rate advertisement with a list of investment options.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES advertisement.

CORPORATION LOANS advertisement with a list of loan products.

COMMONWEALTH AND AFRICAN LOANS advertisement.

LOANS Public Bond and Ind. advertisement.

A FINANCIAL TIMES SURVEY FINANCIAL FUTURES 14 SEPTEMBER 1982 advertisement.

Handwritten signature or note at the bottom left of the page.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and various engineering firms. Columns include Stock, Price, and % Change.

LEISURE—Continued

Table of leisure-related stocks including hotels, travel agencies, and entertainment companies.

PROPERTY—Continued

Table of property-related stocks including real estate developers and investment trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts across various sectors like infrastructure, healthcare, and technology.

OIL

Table of oil-related stocks including major oil companies and energy services.

DAIWA SECURITIES logo and header for the International Financial section.

MINES—Continued

Table of mining stocks, categorized into Central African, Australian, and Tins. Includes company names and financial data.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks, including manufacturers and suppliers.

SHIPPING

Table of shipping stocks, including major shipping lines and related services.

SHOES AND LEATHER

Table of shoes and leather goods stocks.

SOUTH AFRICANS

Table of South African stocks, including local companies and mining interests.

TEXTILES

Table of textile stocks, including manufacturers and retailers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks.

TOBACCO

Table of tobacco stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks.

PROPERTY

Table of property-related stocks, including real estate and investment trusts.

INSURANCES

Table of insurance stocks, including major insurance companies.

LEISURE

Table of leisure-related stocks, including hotels and travel.

OVERSEAS TRADERS

Table of overseas trading stocks.

PLANTATIONS

Table of plantation stocks, including rubber and palm oil.

TEAS

Table of tea stocks.

MINES

Table of mining stocks, including Central and Eastern Rand.

FAR WEST RAND

Table of Far West Rand mining stocks.

O.F.S.

Table of O.F.S. (Overseas Financial Services) stocks.

OIL AND GAS

Table of oil and gas stocks, including exploration and production companies.

NOTES

Notes section providing detailed information on company shares, dividends, and financial statements.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks, including companies from various countries.

OPTIONS

Table of options and call rates, including various financial instruments.

Getatable NEWPORT

For details of industrial development sites contact Gareth Isaac or Tony Parker, Dept FT, The Civic Centre, Newport, Gwent, Tel: (0633) 65481

FINANCIAL TIMES

Wednesday August 4 1982

BELL'S SCOTCH WHISKY BELL'S

BANK DISCLOSES \$140m LOANS TO TROUBLED GROUP

Harvester 'should be saved'

BY DAVID LASCELLES IN CHICAGO

INTERNATIONAL Harvester, the struggling U.S. farm and construction equipment group, should be saved from bankruptcy...

stake in the company as Harvester had suggested. Our view—and I think that of other banks—is that Harvester should be kept out of Chapter 11...

Anderson said Harvester's creditors aimed "to maximise the long-term recovery of the credit extended to the company."

collapse of Penn Square Bank in Oklahoma. Mr Anderson said Continental had made \$140m in direct loans to Harvester.

£500m tranche of Treasury stock

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE BANK of England yesterday announced a £500m tranche of 12 per cent Treasury Stock 1987 at a price of £95.825 per cent.

downwards. Yesterday's tranche of 12 per cent Treasury Stock 1987 "A" is designed to offer an alternative to the 9 1/2 per cent Exchequer 1982, due for redemption on September 22.



sterling at a time when the currency has been strong and there have been some calls for a modest depreciation.

Carron Holdings calls in receivers

By Charles Batchelor

CARRON HOLDINGS, the Falkirk maker of baths, sinks and pillar boxes, called in the receivers yesterday in the face of mounting losses.

Carron's shares were suspended at 18p—below the par value of 25p—putting a market valuation of only £3.02m on the company.

The recession had reduced markets in almost every sphere of Carron's activities last year, it said in its latest annual report.

In a statement released yesterday Carron said the difficult trading conditions of the past 2 1/2 years had led to losses which had put a severe strain on the group's resources.

The sale of assets, much of it property not required for manufacturing activities, went much more slowly than originally expected, it added.

During this difficult period the company received additional substantial support from its bankers, but the further funds which would now be required were not available, it said.

The receivers yesterday said they would be looking for buyers for all of Carron's divisions, though no approaches had yet been received.

The latest published figures from the company showed an increase in the attributable loss from £1.32m the previous year to £1.68m in 1981 on turnover 15 per cent lower at £31.7m.

'Regret' at British defiance on gas pipeline

BY OUR WORLD TRADE STAFF

THE REAGAN Administration was disappointed yesterday by Britain's decision to invoke the Protection of Trading Interests Act to circumvent the U.S. embargo on American technology for the Siberian gas pipeline.

French Government's order to supply £134m worth of goods for the pipeline from complying with the U.S. embargo. The prohibition was announced by Lord Cockfield, the Trade Secretary, on Monday.

The U.S. State Department yesterday repeated that Washington and the Nato allies were studying the steps to relax martial law in Poland, announced by the Warsaw authorities last month.

of a larger contract awarded to Creusot-Loire. The U.S. State Department yesterday repeated that Washington and the Nato allies were studying the steps to relax martial law in Poland, announced by the Warsaw authorities last month.

BR warns Continued from Page 1

this year and that of the National Union of Railwaymen. The first drivers' strike cost the industry £58m. The second and the NUR strike have led to a net worsening of 1982 trading which could approach £150m.

wants a review of depot work allocation, which the unions believe could lead to job losses, and further administrative and financial cuts in addition to the 3,000 white-collar staff already set to go.

Lebanon Continued from Page 1

in the President's statement after he met Mr Yitzhak Shamir, the Israeli Foreign Minister, on Monday, when he warned, "the world can no longer accept constantly escalating violence" in Lebanon.

Minister in the Oval office. Israeli officials tried yesterday to put a brave face on what the Jerusalem Post called a "slap" at Israel. They referred to differences with the U.S. over "practical ways and means to achieve our goals."

Foreign earnings

Baltic Exchange up £104m at £285m, pension funds up £20m at £107m and brokerage up £14m at £137m.

U.S. optimistic over steel row

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. Government is "cautiously optimistic" that the damaging trade dispute over cheap EEC steel exports to the American market can soon be settled, U.S. officials said yesterday.

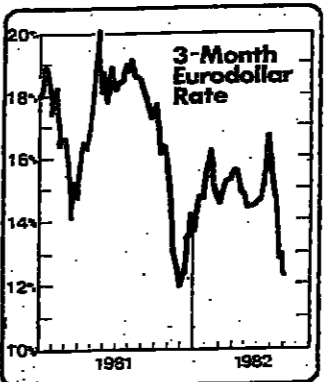
steel market from 6.4 per cent last year to 5.5 per cent—still slightly higher than the figure sought by the U.S. The contentious issue of how far European exports of steel pipes and tubes should be restricted was still under discussion, U.S. officials said.

make its final determination of subsidies in seven countervailing duty cases. "We should see some action before then," the officials said.

THE LEX COLUMN

CBI pleads for a lower pound

Index rose 8.0 to 566.2



The CBI's July industrial trends survey is a real bear's picnic. On the menu—strictly mince—are destocking, lower orders, weakening of investment intentions and general evaporation of optimism.

West Midlands engineering businesses, which seem to have general liquidity problems, are to some extent an exception, but then new investment is hardly their top priority anyway.

At present the Government seems unwilling to supply this alleged deficiency of demand by increasing its own spending. Its clear intention is to stimulate demand by cutting interest rates which, in falling as so often in rising, are the principal tools of economic management.

The exchange rate, then, must be the trigger; what the CBI is really after is a competitive devaluation. Nearly 70 per cent of its respondents still believe their prices are too high relative to those of their overseas competitors.

Through the spring, construction was the one clear sector in the economy that could be held up as giving evidence of a pick-up. The building material producers reported healthy volume gains from February onward, and the statistics on private housing starts provided corroboration.

philosopher's stone seems to be

severe winter weather than anything else.

Meanwhile it looks as if a good proportion of the recorded housing starts reflects the buying of foundations; builders are holding back from proceeding further until sales are achieved.

Contractors and building material producers have seen strong relative share performances in the first parts of both 1980 and 1981, based on expectations of cyclical recovery.

Hadson Petroleum

When does the sum of the parts make nearly two wholes? In this case when an Oklahoma oil company comes to London to spin off its overseas interests.

Building sector

Barclay's purloining of that building society prerogative—mortgage rationing—was enough to give a fillip to the share prices of leading house-builders yesterday.

TRAIL BLAZERS



"When considering our company's expansion plans, we looked at many areas throughout the country. Our final decision to choose Denbigh resulted from the excellent help we received from Clwyd's Industrial Development Division and the other Industrial Development agencies."

Clwyd - at the peak of Welsh potential

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